

VZCZCXRO4664
OO RUEHFK RUEHGH RUEHKSO RUEHNH
DE RUEHKO #0829/01 0860705
ZNY CCCCC ZZH
O 260705Z MAR 08
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2889
INFO RUEHBJ/AMEMBASSY BEIJING 2419
RUEHBY/AMEMBASSY CANBERRA 2565
RUEHNE/AMEMBASSY NEW DELHI 8476
RUEHUL/AMEMBASSY SEOUL 8461
RUEHFK/AMCONSUL FUKUOKA 6873
RUEHHK/AMCONSUL HONG KONG 6473
RUEHNH/AMCONSUL NAHA 9256
RUEHOK/AMCONSUL OSAKA KOBE 0540
RUEHKSO/AMCONSUL SAPPORO 7469
RUEHGH/AMCONSUL SHANGHAI 0373
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHIN/AIT TAIPEI 6953
RHEHAAA/NSC WASHDC
RUEHBS/USEU BRUSSELS
RUEATRS/TREASURY DEPT WASHDC
RUEHGV/USMISSION GENEVA 3277

C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 000829

SIPDIS

SIPDIS

PLEASE PASS TO USDA
USTR FOR USTR SCHWAB AND AUSTRS CUTLER AND ROHDE

E.O. 12958: DECL: 03/25/2018

TAGS: [ETRD](#) [EAGR](#) [PGOV](#) [WTRO](#) [EINV](#) [JA](#)

SUBJECT: JAPAN: DNSA PRICE PRESSES FOR PROGRESS ON DOHA AND
BEEF

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 b/d.

Summary

11. (C) During bilateral talks with senior Japanese officials and politicians March 19 in Tokyo, Assistant to the President and Deputy National Security Advisor for International Economic Affairs Daniel Price underscored the need for Japan to show more leadership now, particularly on agriculture, to conclude the Doha Development Agenda. He pressed for a clearly defined way forward to open Japan's beef market by a date certain in accordance with OIE guidelines. In addition, DNSA Price stressed the importance of foreign direct investment to Japan. Interlocutors, including senior Diet members, all said the DDA needs to be concluded this year with ministers meeting this spring to reach an agreement on modalities, but they showed little flexibility on agricultural market access. On beef, they said the best roadmap Japan can offer included a partial liberalization to beef from cattle 30 months and younger, followed by movement toward OIE guidelines later. End Summary.

Doha Development Agenda

12. (C) DNSA Price told senior GOJ officials and parliamentarians Japan needs to do more to conclude the Doha talks successfully. Japan is with the developed countries on NAMA and services, but with the most recalcitrant of the developing countries on agriculture. Meeting with Assistant Chief Cabinet Secretary Ando and METI Vice Minister Toyoda, he noted Japan's insistence on bracketed language on zeroing in the rules text is also causing problems. In all his talks he stressed Japan's obstinacy threatens the real progress that has been made, e.g., between the U.S. and the EU on agriculture. Some of the WTO's most protectionist members -- including Brazil and India -- invoke Japan's posture in agriculture to justify their hard line in non-agriculture market access (NAMA) and services talks. Japan, Price underscored in all his meetings, stands to gain a great deal

in a successful conclusion to the DDA.

13. (C) DNSA Price's Japanese interlocutors generally muted the notion Japan was to blame for the slow progress, but offered little to suggest Japan would play a substantially more flexible role going forward. Assistant Chief Cabinet Secretary Hiroyasu Ando stated the GOJ too wants a trade

SIPDIS

ministerial by early May at the latest. He noted Secretary Rice had talked with the Chief Cabinet Secretary about zeroing when she met with him in February and that Ando hoped the problem had been resolved. DNSA Price noted more progress is needed on the Round.

14. (C) Ministry of Economy, Trade, and Industry (METI) Vice Minister Masakazu Toyoda also asserted Japan wants to see a deal concluded as soon as possible, ideally before the current U.S. Administration ends. DNSA Price said ministers would have to agree on modalities no later than early May to accomplish that. Toyoda noted he had not talked recently to the head of Japan's team negotiating agriculture, but would confer with the official about timing.

15. (C) Toyoda attempted to explain Japan's hard-line position on rules, saying the committee text was one-sided. DNSA Price stressed Japan's negotiators should not allow the rules text to bog down negotiations. In any case, if Japan does not like the rules text, it could demand changes later, just as the U.S. could raise issues later. Toyoda said Japan "feared" the U.S. would harden its position on rules if the current text remained on the table and therefore needed some "comfort" on the text, though he could not define what that meant.

TOKYO 00000829 002 OF 003

Political Heavyweights

16. (C) In separate meetings, senior Diet members from the ruling Liberal Democratic Party (LDP) all professed to want a Doha deal, but argued Japan's "difficult" position. Above all, rice is key. Former Chief Cabinet Secretary Kaoru Yosano told DNSA Price the GOJ is doing its best, but is pessimistic Japan can go as far in the DDA as the U.S. and other developed countries want. He fretted the LDP lacks a strong leader on agricultural policy; the best people are retired or no longer in power, he told DNSA Price.

17. (C) Former Agriculture Minister and current head of the LDP's Diet Affairs Committee -- analogous to party whip -- Tadamori Oshima, told DNSA Price he too wants progress on Doha, but is concerned about Japan's declining food self-sufficiency rate, now at 39 percent. Japan cannot do much more to improve market access, he asserted.

18. (C) Oshima said his political responsibilities mean he does not watch trade issues as closely as he would like, but he would consult with Japan's Chief Agriculture negotiator Murakami, who briefs him regularly. Oshima defended Japan's protectionist agriculture position, saying several times that Japan is "anguished" by the problem. Japan and the U.S. have "major differences," he conceded, but must cooperate to open markets. He stated Japan's reasons for its stance on agricultural trade are many-fold and Japan has "bought what (it) can buy." He suggested Japan and the U.S. start talking on a product-by-product basis, hinting a solution on rice would make success elsewhere easier to reach.

19. (C) Former Agriculture Minister and current Chairman of the LDP's Research Committee on Trade in Agriculture, Yoshio Yatsu, told DNSA Price he had talked one-on-one with the Prime Minister about the political importance of reaching a Doha deal -- and what this would mean for the "sustainability" of the Fukuda government. He otherwise

echoed the views expressed by Yosano and Oshima, including repeating familiar talking points on Japan's low food self-sufficiency rates and the difficulty for Japanese policy makers in addressing the country's agricultural problems.

¶10. (C) Yatsu digressed into a long explanation of the country's rice sector, where domestic consumption keeps declining as pressure to expand market access grows. "We need an open and honest discussion with our trade partners," he said. Alluding to the beating the LDP took in rural districts in last summer's Upper House election, Yatsu underscored the need to work around rice. If Japan's rice farmers can be saved, Japan's intransigent position on agriculture would soften, he hinted. He stressed he would like the Doha Development Agenda to end successfully and said he would urge Japan's negotiators to sort out what can be solved at the working level to allow the upcoming ministerial to focus on broader political questions.

Beef

¶11. (C) In all his meetings, DNSA Price pressed hard for full opening of Japan's beef market to U.S. producers by a date certain. The current standoff has gone on far too long, he said. The GOJ should be mindful that the issue will most likely come up in the bilateral with the Japanese PM at Lake Toya; we need to see a resolution by the July meeting.

¶12. (C) At the Prime Minister's Office, Assistant Chief Cabinet Secretary Ando urged the USG to accept a compromise that would expand the market to allow for beef from cattle of 30 months old or younger. DNSA Price said he was not opposed

TOKYO 00000829 003 OF 003

to a step-by-step formula, but the way to full market opening would have to be clearly defined, that is, a step that means full compliance with OIE guidelines.

¶13. (C) Ando asserted the differences over beef are becoming more difficult given recent food scares involving imported dumplings from China and the scandal involving a downer cow in a California slaughterhouse. Even moving to 30 months is becoming more difficult. Moreover, according to Ando, moving to OIE standards is not possible at this time. Ando urged beef not be on the agenda at G8 bilaterals and asked whether the leaders could focus on more constructive areas. DNSA Price replied the way to do that is to set a timeline for fully resolving the issue by a date certain. He suggested Japan invest someone with the authority to negotiate and have the person discuss a plan for full OIE compliance with USTR Schwab. "Let us put this behind us," he concluded.

¶14. (C) In separate meetings, senior politicians were not optimistic. Oshima said moving to 30 months was the best Japan could do now and argued the sooner the issue is moved to the Food Safety Commission for its risk assessment on 30 months, the better. He added the Japanese would not accept OIE standards without further scrutiny by their own authorities, as they are very sensitive to food safety issues. Offering "frank advice from a friend," Oshima suggested it would be counterproductive for the U.S. to raise the problem at the G8. Yatsu, for his part, expressed some understanding of U.S. frustration with Japan's inability to map a route to full compliance, but offered little in the way of concrete suggestions.

Investment

¶15. (C) DNSA Price noted USG misgivings over recent statements by some GOJ officials relating to foreign investment and the Ministry of Land, Infrastructure, Transportation, and Tourism to have a law passed that would have limited foreign ownership in Japan's airports. He thanked Ando for the PM's intervention on the airport

investment question. Ando stated the GOJ continues to welcome FDI. Airports present a special situation, however, and so the government has decided it needs to have a study conducted. Toyoda understood the U.S. concerns. Diet member Yosano said Japanese invest abroad and "foreigners should come to Japan and make money if they are bright enough."

WIPO DG

¶16. (C) Vice Minister Toyoda raised Japan's candidate to head the World Intellectual Property Organization. He stated WIPO has problems and needs someone who understands developed country concerns, but can work with developing countries to recreate the organization. Toyoda said he had talked to EEB Assistant Secretary Sullivan, but needed DNSA Price's support. DNSA Price offered no comment on the issue.

¶17. (C) DNSA Price cleared this cable subsequent to his departure from Tokyo.

SCHIEFFER